

NO: R168

COUNCIL DATE: **July 11, 2016**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **June 24, 2016**

FROM: **General Manager, Planning and Development**

FILE: **6750-01**

SUBJECT: **British Columbia Lottery Corporation Request for Expression of Interest**

RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information; and
2. Authorize the Mayor to send a letter to British Columbia Lottery Corporation indicating that their proposal does not meet the City's Gaming Policy and, as such, that the City will not pursue an application for this Expression of Interest.

INTENT

This report is to provide Council with information on a Request for Expression of Interest put forward by the British Columbia Lottery Corporation (BCLC) for Local Government consideration to host a gaming facility planned for south of the Fraser River region (Appendix "I").

POLICY CONSIDERATIONS

On July 16, 2001, Council considered Corporate Report R167 (2001) proposing that the City adopt a new Gaming Policy R22 ("the Policy") – this report was adopted by Council (Appendix "II").

The Policy was prepared by a Council Committee on Gaming ("the Committee") that was established on January 25, 2001. The Committee proceeded with a series of meetings and consultations that ultimately led to the drafting of the Policy.

The Policy sets out a number of requirements for a casino application to be considered, and also specifies the processing and approval process. Casinos must offer full service with both table gaming and slot machines. They must be a component of a "cluster of facilities" such as a hotel with convention and meeting facilities. A casino cannot be located within 10 kilometres of another casino in Surrey, and there can be no more than 3 casinos permitted in Surrey.

The Policy also outlines the allocation of revenues, laws, by-laws, and regulations the application must consider.

DISCUSSION

Currently, BCLC is moving forward with an Expression of Interest to seek out support from local governments on adding a gambling facility south of the Fraser River. This is the first step of the BCLC process, which would lead to a comfort letter issued to a municipality. The comfort letter would also single out the BCLC partner that would operate the casino, and who would be involved with City staff in following through with the process to establish a casino in Surrey.

The proposed BCLC gaming facility is for a Community Gaming Centre, which is a smaller venue than a full service casino and includes slot machines and gaming tables; however, no hotel or convention and meeting facilities are proposed to be included.

The Policy outlines the requirements of a gaming facility that must be included in order for Council to consider moving forward with the process that would see the establishment of a new gaming facility.

The Policy states that in order for a gaming facility to be considered for the processing and approval process it must offer full service, with both table gaming and slot machines. Furthermore, the facility must be a component of a “cluster of facilities”, such as a hotel with convention and meeting facilities, which would form a destination gaming facility.

In the future, should BCLC contemplate a gaming facility that meets the City’s Gaming Policy guidelines, the City would be pleased to engage in further dialogue with BCLC.

CONCLUSION

The BCLC Request for Expression of Interest is for a Community Gaming Centre that would not fall within the category of facilities that are acceptable to Surrey according to City Gaming Policy R22.

It is recommended that Council authorize the Mayor to send a letter to British Columbia Lottery Corporation indicating that their proposal does not meet the City’s Gaming Policy and, as such, that the City will not pursue an application for this Expression of Interest.

Original signed by
Jean Lamontagne
General Manager,
Planning and Development

JLL:ss

Attachments

Appendix “I” – BCLC Request for Expression of Interest
Appendix “II” – Gaming Policy R22

June 1, 2016

Her Worship Linda Hepner
Mayor, City of Surrey
13450-104 Avenue
Surrey, B.C.
V3T 1V8



Dear Mayor Hepner:

As the Crown Corporation responsible for gaming in B.C., BCLC routinely assesses the gaming market in order to best determine how existing facilities might be redeveloped, or where future facilities could be developed in order to best serve gaming patrons and the marketplace.

The intent of this letter is to advise municipalities and First Nations governments that BCLC has conducted a regional marketplace assessment and determined there is gaming market potential in your area which may be appropriate for a gaming facility.

A Government of British Columbia Internal Audit and Advisory Services Review of BCLC recommended that BCLC develop a clear set of criteria for gaming facility procurement. Accordingly, BCLC has updated the process for local government notification and is implementing it in your region.

As a first step, BCLC is requesting that potential host local governments identified within the market area provide an expression of interest to be considered as the Host Local Government of a gaming facility. The requested information is included in Appendix A. Local governments may also gather community input and include a summary about this in their response. However, such information at this stage will not constitute community input for the purposes of section 19(2) of the Gaming Control Act.

This response to BCLC is non-binding, and may be forwarded under the signature of the Mayor or the Chief Administrative Officer. Please respond to BCLC by no later than 4 p.m. PDT on July 15, 2016 to indicate your preliminary interest. Responses should be sent to:

Greg Walker
Director of Public Affairs, BCLC
2940 Virtual Way
Vancouver, BC
V5M 0A6
walker@bclc.com

74 West Seymour Street
Kamloops, BC V2C 1E2

T 250.828.5500
F 250.828.5631

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649
F 604.225.6424
bclc.com

If a local government does not wish to be considered to host a gaming facility, no further steps will be taken.

For those interested local governments, BCLC will arrange to meet with you to provide further detail on our market analysis and the development process. BCLC will also outline its process for selecting a Host Local Government, and will advise of the local government's responsibilities under the Gaming Control Act.



It is important to emphasize that this letter does not in any way constitute a commitment on either BCLC or the local government's part to develop a gaming facility in a municipality, regional district or First Nation government. It is intended to be a transparent, initial step to gauge interest of local governments in being considered as a potential host local government for a gaming facility by BCLC. BCLC may choose not to proceed with a facility at any time.

74 West Seymour Street
Kamloops, BC V2C 1E2

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Additional detail is included in the enclosed material for your reference.

Local governments of communities where gaming facilities are located receive a 10 per cent share of the net income generated by the gaming facility. These payments are provided for use solely at the local government's discretion. A complete list of all Host Local Government payments is published annually on the Gaming Policy and Enforcement's web site at:

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649
F 604.225.6424
bclc.com

<https://www.gaming.gov.bc.ca/reports/docs/fin-rpt-local-gov-revenue.pdf>

Thank you for your attention to this matter. If you have any questions or require further information, please contact me directly at (604) 225-6408.

Sincerely,

Brad Desmarais
Vice President, Casino and Community Gaming
BCLC

CC Susan Dolinski, BCLC
Jerry Williamson, BCLC
Greg Walker, BCLC

Appendix A

If you are interested in being considered to host a gaming facility in your community, kindly include the following information in your response:

1. Is there an Official Community Plan that explicitly supports the establishment of gambling within your community? (Please note, VLTs are prohibited in the province of BC.)
2. Does your local government have the authority to make decisions regarding land use in your community?
3. Are there any areas zoned for entertainment in your community? If so, please provide any existing details on this zone. (Details on the zone are for information purposes only and will not be scored.)
4. Are there any existing resolutions against or other restrictions (i.e. policy, guideline etc.) on establishing a gambling facility in your community?
5. **If you answered "Yes" to Question 4.** If selected as potential HLG, would your local government be prepared and able to amend the restriction (i.e. policy, guideline etc.) within 6 months, to facilitate gaming in your community?
6. Are there any existing resolutions or restrictions that would limit the number and or type of gaming machines or tables that could be included in a future facility?



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CITY POLICY

Appendix "II"

No. R-22

REFERENCE:

REGULAR COUNCIL MINUTES

APPROVED BY: CITY COUNCIL

DATE 16 July 2001 (RES.R01-1742)

HISTORY:

NEW

TITLE: GAMING POLICY

1. PURPOSE

The purpose of this policy is to outline key principles and criteria to regulate gaming activities within the City.

2. CONTEXT

The Criminal Code of Canada prohibits gaming generally, but makes certain exceptions. These exceptions include gaming conducted and managed by a province in accordance with the laws of that province and gaming conducted by a charitable or religious organization pursuant to a license issued by the Lieutenant Governor in Council of the Province. Under the Criminal Code of Canada, proceeds from licensed gaming must be used for charitable or religious purposes.

In B.C. the government introduced Bill-30, *the Gaming Control Act*, on July 4, 2000, which creates the Gaming Control Authority, an overview of which is attached as Appendix 'C'. However, Bill 30 has not yet been passed as an Act.

In the meantime, the framework for the regulation of gaming in the Province of British Columbia is governed by the Lottery Act (LA) and the Lottery Corporation Act (LCA). The LA is administered by the British Columbia Gaming Commission and focuses on charitable gaming. The LCA authorizes the British Columbia Lottery Corporation (BCLC) to conduct and manage provincial gaming on behalf of the Province of British Columbia and is focused on non-charitable gaming, such as lotteries, electronic bingo and community and destination casinos.

At present, government policy provides for two categories of casinos, community casinos and destination casinos. While government policy contemplates the re-location of community casinos, government policy does not contemplate the re-location of

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destination casinos. At present, government policy does not provide for any additional community or destination casinos. At present, only BCLC can initiate and manage a relocation of its existing community casinos. Government policy currently provides that both community and destination casinos cannot have more than 300 slot machines or more than 30 tables. Casinos at race tracks are not permitted under current government policy.

The province's policy framework also provides for a formal agreement with a municipality giving that municipality control over the extent, scope and type of casino and bingo gaming within their municipal boundaries. Municipalities where casinos are located, receive a 10% share of "net" revenues from community casinos within their jurisdictions and 1/6th of "net" revenues from destination casinos in their community.

3. TYPES OF CASINOS

The province's legislation defines two types of casinos, i.e., community casinos or destination casinos. Both types of casinos permit both table gaming and slot machines. From a municipality's perspective, the main difference between the two casino types lies in their net revenue sharing. A municipality receives 10% of net revenues from a community casino, whereas it receives 1/6th of net revenues from a destination casino. For destination casinos, the Province makes an additional 1/6th of net revenues available for local economic development projects.

[NOTE: Currently there is one casino (i.e. the Great Canadian Casino in Newton) in Surrey, which is in the process of being relocated to Coquitlam.]

4. REQUIREMENTS FOR APPLICATION CONSIDERATION

Any application for a casino must meet the following criteria for consideration by the City:

- The casino must offer full service with both table gaming and slot machines and must have or be intended for a license involving 300 slot machines and 30 tables.
- The casino must be a component of a "cluster of tourism facilities" such as a hotel with convention and meeting facilities, a Trade and Convention Centre, an entertainment centre, such facilities to be regional in scope.
- The casino must be provided with access from a major road and/or be in close proximity to a "higher order" transit service.
- A "comfort letter" from the BCLC stating their "acceptance-in-principle."

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- The casino must be designed and located to address to the satisfaction of the City land-use "interfacing" impacts, traffic impacts, parking requirements and any other identified community impacts.
- The casino will only be permitted to locate in an area designated Industrial or Commercial under the City's Official Community Plan.
- The casino must comply with all location criteria and other requirements for liquor licensed premises, where permitted.
- The casino cannot be located within 10 kilometres of another casino in Surrey.
- No more than 3 casinos will be permitted within the City of Surrey.

5. PROCESSING AND APPROVAL OF CASINOS

- A casino is currently not a permitted use in any zone within the City's Zoning By-law.
- Each application for a casino will involve, as a minimum, a rezoning application for either a Comprehensive Development Zone or Special Casino Zone and a Development Permit application.
- Casino applications will only be considered if sufficient dollars and resources have been committed by the Province to appropriately fund problem gambling programs for Surrey.
- The applicant may be required to submit as part of the application, an all encompassing Impact Analysis of the casino proposal prepared by a qualified professional identifying the costs and benefits to the City if the casino is approved and constructed including amongst other things, a summary of the affects that the casino will have on the image of the City and the neighbourhood within which it is located.
- The applicant will be responsible for retaining the services of qualified professionals to prepare plans and conduct the necessary studies to ensure that the proposed casino is properly integrated with the surrounding development, and that all impacts and legal requirements are adequately addressed.
- The applicant will be responsible for providing all necessary engineering services to the site under a Servicing Agreement in accordance with the Subdivision and

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Development By-law and for paying all fees, charges and levies required under city By-laws or that are collected by the City on behalf of other agencies.

- The applicant will be responsible for undertaking a public consultation program in advance of the required Public Hearing and as otherwise directed by the City.

6. ALLOCATION OF REVENUES

The municipal share of revenues from casinos will be allocated based on the following criteria:

- No casino revenue will be allocated to the general operating needs of the City except for those required for directly impacted infrastructure and services such as police services, fire services, traffic improvements, etc. Total annual allocation for such services cannot exceed 25% of the annual revenues.
- Minimum of 50% of annual revenues will be allocated for Capital Projects related to arts, libraries, culture and recreation.
- Allocation of casino revenues to "other" Capital Projects throughout the City cannot exceed 25% of annual revenues.

7. LAWS, BY-LAW AND REGULATION CONSIDERATIONS

- (a) The Business License By-law shall be amended to include definitions of "Casinos" and shall limit the number of casinos in the City of Surrey to three.
- (b) The City shall amend its Business License By-law to require that BCLC and/or their service contractor(s) must provide the City of Surrey with satisfactory evidence that the service contractors and all its applicable officers/employees have passed an acceptable background (including criminal) check.
- (c) The Business License By-law shall be amended to provide that no business license shall be issued without the city's specific approval of the gaming facility and the issuance of provincial registration for the gaming services' provider and each gaming worker
- (d) The Business License By-law shall be amended to require the casino keep a record of the registered gaming workers employed at the casino. To this end, the City will require the applicant to provide a "letter of compliance" from the BCLC. Any suspension or cancellation of the registration of a casino shall be grounds for suspension or cancellation of the business license.

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- (e) The applicant will be responsible for complying with all applicable laws, by-laws and regulations in relation to the approval and operation of the casino.

- (f) The Land Use Planning By-law shall be amended to implement the above noted policies.

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